



City of Austin

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Cost/Benefit Analysis for McKalla Place

Is there an analysis of the costs and community benefits expected for the proposed soccer stadium?

District 7 staff has produced an extensive analysis of the potential costs and community benefits over the initial 20-year term and worked with staff experts to ensure that the methodology and estimates contained here are reasonable and defensible. Additionally, District 7 staff have made available the full and complete calculations as well as a 'user manual' explaining in detail how these calculations were reached, in order to provide full transparency:

- **Cost Estimates:** <https://tinyurl.com/McKallaCostWorksheet>
- **Community Benefits Estimates:** <https://tinyurl.com/McKallaBenefitsWorksheet>
- **Worksheet 'User Manual':** <https://tinyurl.com/McKallaUserManual>

What was District 7 staff's approach to this analysis?

District 7 staff used the following principles to guide their work on this analysis:

- **Providing Conservative Estimates.** District 7 staff used historic data to estimate future patterns, erred on the side of caution when making decisions on how to build their models, and confirmed with City staff and relevant experts that modeling decisions and assumptions were reasonable.
- **Providing a Range of Scenarios.** In order to account for the uncertainty of future conditions, District 7 staff have provided a range of conservative scenarios.
- **Making All Assumptions and Calculations Available for Review** in order to maintain full transparency.

The cost/benefit analysis cannot determine *whether* Council should approve or reject the soccer stadium agreement; it is a policymaking tool that can help Council and the community evaluate certain aspects of the proposed stadium deal. As has been noted, there can also be certain 'intangible' benefits to having a local professional sports team.

What are the results of this cost/benefit analysis?

There are many different ways of looking at this data. One is to compare the *most conservative* estimate available for total known costs (ie. the lowest cost estimate available, assuming no growth in tax burden or event costs) against the *most generous* estimate for community benefits (ie. the highest benefit estimate available). That comparison is provided below.

The \$91 million difference in this comparison between the known local costs (\$163 million) and community benefits (\$72 million) can be considered the 'cost' to local government of the 'intangibles' (ie. of having a local professional soccer team).

Table 1. Comparison: Most Conservative Cost Scenario to Most Generous Community Benefits Package

Total Costs to All Local Governments		No-Growth Scenario
Known Costs (Over Initial 20-Year Term)		\$163 million
Forgone Property Taxes (No Growth in Taxes)		\$102 million
Forgone Market Rent		\$38 million
CapMetro Facilities (Bus & Train)		\$14 million
Event Services (No Growth in Event Costs)		\$4 million
Insurance		\$3 million
Capital Repairs		\$3 million
Forgone Revenue Sharing		Not Included
Unknown Costs (Over Initial 20-Year Term)		Unknown
Training Complex		Unknown
Infrastructure		Unknown
Community Benefits		Generous Scenario
Benefits (Over Initial 20-Year Term)		\$72 million
Non-Profit Donations		\$16 million
Parks Maintenance		\$4 million
Use of City Property Benefits		\$10 million
MLS-Required & Other Soccer Programs		\$43 million